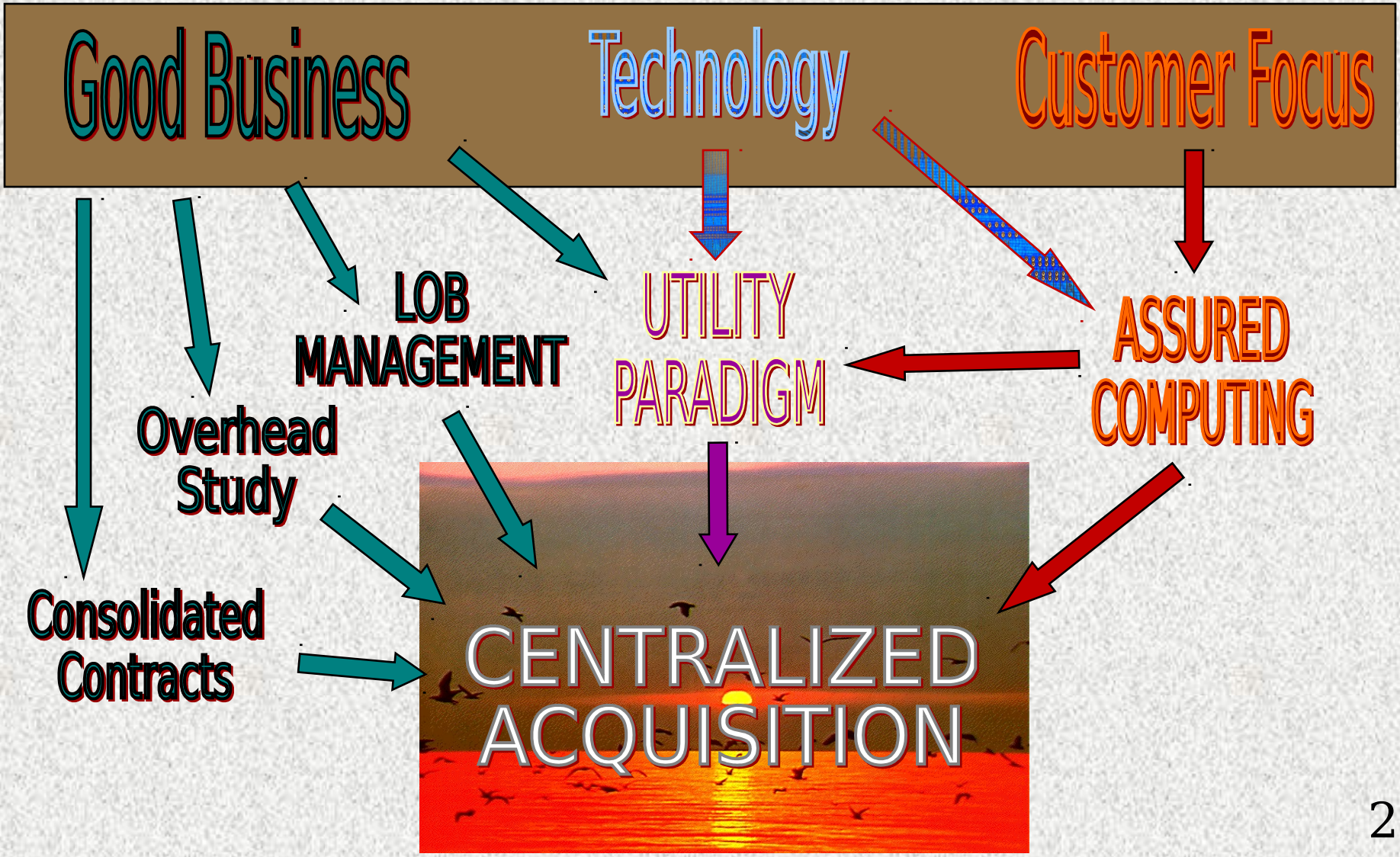
WESTHEM ACQUISITION

Larry Armstrong

2 May 00

Change Agents



21st Century Information Processing

- **Combat Support is IT**
- **Availability of Processing Must Be ASSURED**
- **COOP Is NOT the Answer (72 Hours)**
- **Full Redundancy Is Not the Answer ($$$)**
- **We Have Plenty of CPUs**
- **<u>Mobile Data</u> IS the Answer**

➠ **Enterprise-Wide Storage & Communications Solutions**

Asset Management: Buy / Lease

LONG-TERM "SOLUTIONS" TO SHORT-TERM PROBLEMS

- **Hardware Procurements ➡ Not Responsive to Rapid Changes in Customer Requirements**
  - **Increases, Decreases, Relocations**
- **Cumbersome Process -- Motivation Is To Over-Build = Under Utilize ➡ Costly**
- **Moore's Law ➡ Technological Obsolescence**
- **Depreciation of Capital Is An Albatross**
  - **Especially 5-Year Rule**

Utility Acquisition

- **Need Quick Reaction -- Ability to Meet Changing Requirements**

➠ **Acquire Service, Not Assets**

… Just-In-Time Capacity

 Enterprise Software Licenses

… Independence from Processing Location

- **Change Is More In <u>How</u> We Acquire Than <u>What</u> We Acquire**

Hardware Capacity-on-Demand

- **Equipment on Our Floor**
  - **With All Applicable Security Provisions**
- **Spare Capacity Available on Floor, on Truck, or At Warehouse, Depending on Specified Lead Time**
  - **Vendor's Problem, Not WESTHEM's**
- **Including Operating System Software**
  - **Working Separately With 3rd Party Software Vendors For Enterprise Licenses**
- **Including Tech Refresh**

Hardware Capacity-on-Demand (continued)

- **Demand Forecasting & Capacity Planning**
  - **Collaborate on Converting Our Functional Requirement Metrics to Technical Requirement Specs**
- **Charge According to Usage**

  Examples:
  - **MIPS (Enterprise Servers)**
  - **Transactions Per Second (Midrange Servers)**
  - **Gigabytes (Storage)**
- **Test Case - Mechanicsburg Host (In Lieu of Renewing Lease)**

Mid-Range Server Acquisitions

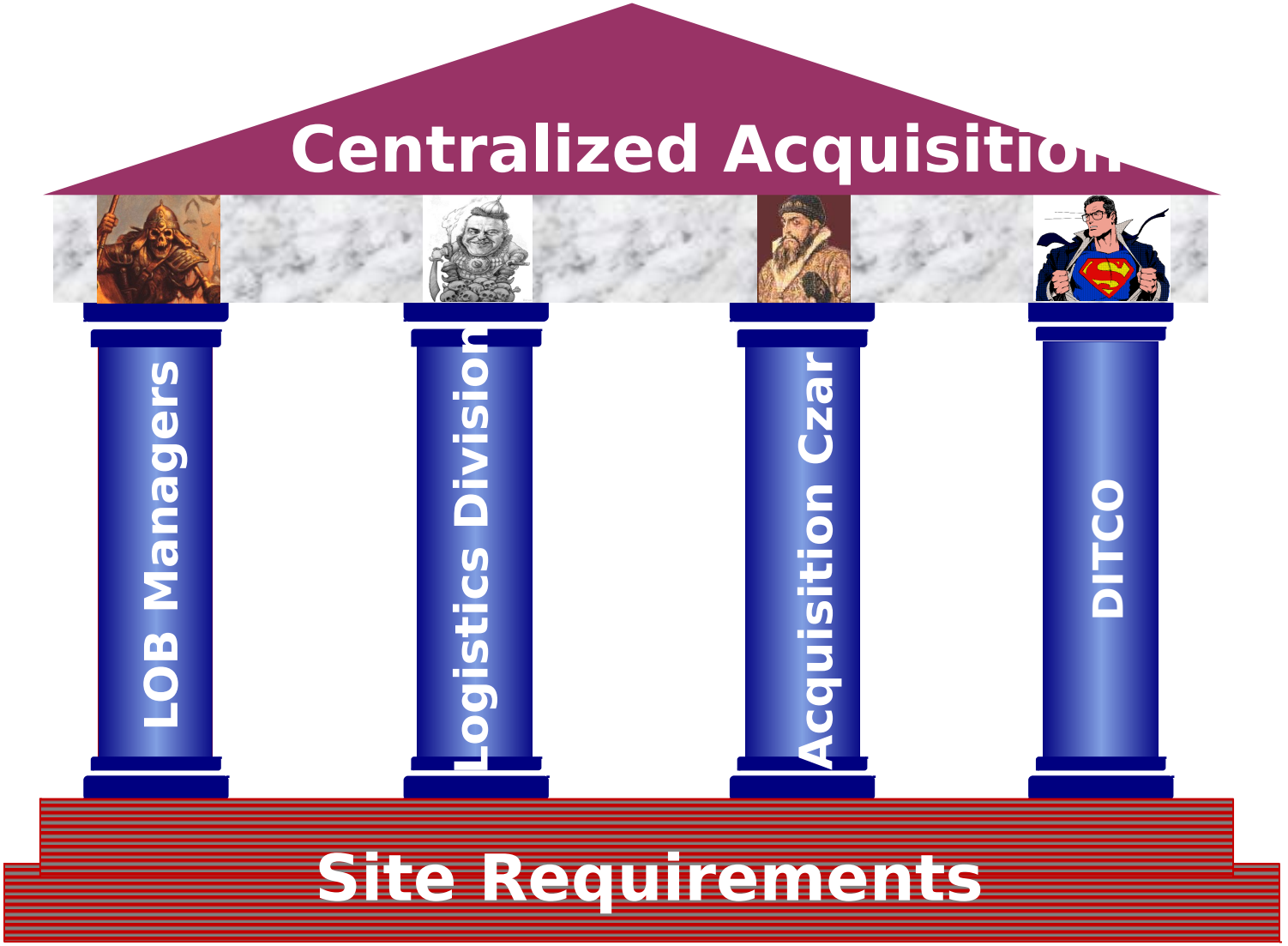
- **Have Held Discussions With HP On How To Do Utility**
- **Many New Server-Based Requirements on Our Horizon**
  - **CHCS II, EC, DCII, etc**
  - **Opportunities for Partnerships**
- **Setting Up Server Partnering Meeting With Major Vendors**
- **Establish BPAs Under GSA Schedule**

Overhead Study

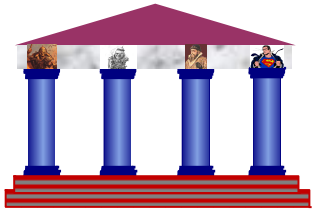
- **“Consolidate the preparation and processing of acquisitions at the HQ level.”**

- **“Centralize credit card purchases $25K and above at the HQ level.”**

The Acquisition Team

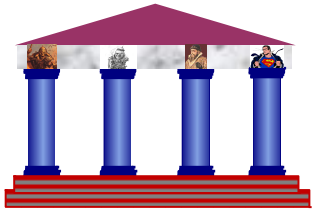


Prioritized Approach



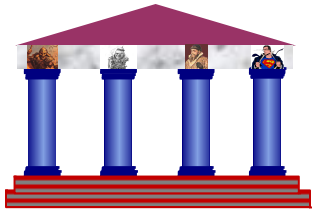
- ❶ **Centralize <u>All</u> Raised-Floor Acquisitions to HQ**
- ❷ **Consolidate Purchase Card Authority at HQ**
  - **Leave Only 1 $100K Purchase Card at Each DECC (For Emergency Administrative Use)**
  - **DECCs Retain $25K Cards**
  - **Detachments Retain $2500 Cards**
- **Additional Acquisition Personnel Under Logistics**
  - **Acquisition Packages**
  - **$100K Credit Cards**
- **Benefits:**
  - **Technical & Architectural Purity Across Enterprise**
  - **Primary Face to Vendor (Acquisition Czar) Prevents Suboptimal Solutions**

Planning Process - POM & Budget



- **Acquisition Planning Integrated into Annual Budget Drill Run by RM**
- **Annual LOB Acquisition Plans**
  - **Prevent Last-Minute Renewals**
  - **Enterprise-Wide View**
  - **By Line Of Business**
  - **Some Acquisitions Don’t Fit Into Any LOBs**
    - **Facilities, Local G&A Support**
  - **Any External Coordination by Acquisition Czar**
- **Acquisitions for New SID Initiatives Become Part of New Business Process Run by Bus. Mgmt Div**

Execution Process

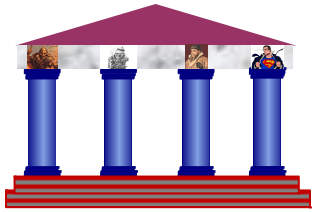


Planned Acquisitions & Renewals Initiated by Sites

LOB Managers Become Sponsors

- **Work Technical Solutions Through CCB**
- **Provide Technical Requirements to Logistics Division**
- **Provide Alternatives & Recommendations to AAG**

Execution Process (Continued)



Logistics Division Prepares Acquisition Packages

Acquisition Advisory Council (AAG, Formerly RMAG)

- Chaired by Acquisition Czar
- Senior Staff Coordination of Best Business Solutions
  - Chief Engineer (Technology)
  - Workforce Management (Staffing)
  - RM (Economic Analysis, Financials)
  - Systems Implementation (Program Integration)
  - Operations
  - Business Management (Customer Relations)
  - Logistics
  - Commander/Vice Commander
  - D3 Acquisition Liaison, D4, DITCO, ASC (as appropriate)

Summary

- **Centralizing Raised-Floor Acquisitions and Using A Utility Concept**
  - **Are Good Business Decisions**
  - **Are the Best Way to Take Advantage of Technological Progress**
  - **Support the Critical Availability Requirements of Assured Uptime**

Acquisition Centralization:
Execution

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2 May 2000

Definitions

- **Acquisition Царь (WESTHEM Chief Acquisition Officer)**
  - **WESTHEM primary face to the vendor community**
  - **Assures program approach to acquisitions**
- **Acquisition Advisory Council (AAG, Formerly RMAG)**
  - **Chaired by Acquisition Czar**
  - **Senior Staff Coordination of Best Business Solutions**
    - **Chief Engineer (Technology)**
    - **Workforce Management (Staffing)**
    - **RM (Economic Analysis, Financials)**
    - **Systems Implementation (Program Integration)**
    - **Operations**
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Centralization Targets

- **Credit Card Purchases > $25,000 and all raised floor**
  - **$100K cards centralized at WE04**
  - **DECCs retain one $100K card for emergency use**
    - **Immediate report of use to WE04**
- **Hardware & Software Acquisitions**
  - **DECC and HQ staff will determine need and define requirement**
  - **LOB sponsors; ID best technical/business solution**
    - **Denver validates technical solution**
  - **WE04 will prepare Acq plan, package, and execute**
    - **Close coordination required with site/technicals**

Centralize Acquisition

- **Benefits:**
  - **Technical & architectural purity across enterprise**
  - **Single face to vendor prevents suboptimal solutions**
- **DECCs retain technical support services acquisition responsibility**
- **Acquisition Czar is program control element**
- **AAG approval authority > $100K**
- **Coordination w/centralization of RM functions essential**

Concept Implementation Approach

- **Aspect:**
  - **Centralize Credit Card buys for raised floor and other > $25K**
    - **1550+ buys in 1999**
    - **Requires process, personnel**
  - **Centralize all software acquisitions**
    - **Many executed via credit card**
- **Aspect:**
  - **Centralize all hardware actions**
    - **Commonly more complex than software requirements**
- **Complete coordination w/DITCO; cooperation essential**

Planning Phase

- **Task: Develop plan and partial process to centralize identified functions**
- **When: 26 April to mid June**
- **The Players:**
  - **DECC Acquisition**
  - **WE04**
  - **DITCO**
- **Brief to DECC Commanders mid June.**